

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 30 2011**

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-13

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE 318-429-2070 FAX

November 8, 2011

Board of Directors
The LSU in Shreveport Foundation, Inc.
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of The LSU in Shreveport Foundation, Inc. at June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The LSU in Shreveport Foundation, Inc. at June 30, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Heard, McElroy & Vestal, LLC

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	513,135	723,858
Certificates of deposit-Note 3	400,642	400,000
Investments-Note 3	16,872,559	13,871,047
Contributions receivable-Note 10	463,140	889,737
Accrued interest receivable	30	133
Deferred charges	<u>13,499</u>	<u>9,055</u>
Total assets	<u>18,263,005</u>	<u>15,893,830</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	21,602	19,646
Deferred revenue	49,200	32,200
Due to LSU in Shreveport-Note 6	4,703,457	4,080,428
Other liabilities	<u>16,917</u>	<u>13,523</u>
Total liabilities	4,791,176	4,145,797
 <u>Net assets:</u>		
Unrestricted		
Board designated endowment	130,933	108,138
Undesignated	<u>727,606</u>	<u>672,347</u>
	858,539	780,485
Temporarily restricted-Note 4	1,209,738	933,903
Permanently restricted-Note 5	<u>11,403,552</u>	<u>10,033,645</u>
Total net assets	<u>13,471,829</u>	<u>11,748,033</u>
Total liabilities and net assets	<u>18,263,005</u>	<u>15,893,830</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Memberships and contributions	126,216	-	-	126,216
Restricted contributions:				
Instruction	-	248,240	195,239	443,479
Research	-	5,000	-	5,000
Public Service	-	258,905	-	258,905
Academic Support	-	6,840	-	6,840
Institutional Support	-	4,705	-	4,705
Operation and Maintenance of Plant	-	2,975	445	3,420
Scholarships and Fellowships	-	63,749	171,688	235,437
Athletics	-	62,157	-	62,157
Endowment management fees	160,554	-	-	160,554
Miscellaneous income	1,050	-	-	1,050
Investment income	251,296	-	91,522	342,818
Net realized and unrealized gains on investments	<u>9,923</u>	<u>-</u>	<u>911,013</u>	<u>920,936</u>
Total support and revenue	549,039	652,571	1,369,907	2,571,517
<u>Net assets released from restrictions</u>	376,736	(376,736)	-	-
<u>Expenses:</u>				
Faculty and staff support programs	2,962	-	-	2,962
University support programs	101,550	-	-	101,550
Program administration	130,044	-	-	130,044
Direct program expenses:				
Instruction	366,043	-	-	366,043
Research	99	-	-	99
Public Service	20,545	-	-	20,545
Academic Support	18,977	-	-	18,977
Institutional Support	5,106	-	-	5,106
Operation and Maintenance of Plant	4,819	-	-	4,819
Scholarships and Fellowships	156,865	-	-	156,865
Athletics	<u>40,711</u>	<u>-</u>	<u>-</u>	<u>40,711</u>
Total expenses	847,721	-	-	847,721
<u>Change in net assets</u>	78,054	275,835	1,369,907	1,723,796
<u>Net assets at beginning of year</u>	<u>780,485</u>	<u>933,903</u>	<u>10,033,645</u>	<u>11,748,033</u>
<u>Net assets at end of year</u>	<u>858,539</u>	<u>1,209,738</u>	<u>11,403,552</u>	<u>13,471,829</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2010			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Memberships and contributions	139,474	-	-	139,474
Restricted contributions:				
Instruction	-	169,197	809,087	978,284
Research	-	5,500	-	5,500
Public Service	-	305,678	-	305,678
Academic Support	-	13,421	-	13,421
Student Services	-	500	-	500
Institutional Support	-	51,574	-	51,574
Operation and Maintenance of Plant	-	170	195	365
Scholarships and Fellowships	-	80,339	433,261	513,600
Athletics	-	26,336	-	26,336
Endowment management fees	148,411	-	-	148,411
Miscellaneous income	1,100	-	-	1,100
Investment income	148,551	-	92,201	240,752
Net realized and unrealized gains on investments	14,661	-	747,117	761,778
Total support and revenue	<u>452,197</u>	<u>652,715</u>	<u>2,081,861</u>	<u>3,186,773</u>
<u>Net assets released from restrictions</u>	336,869	(336,869)	-	-
<u>Transfers between classifications</u>	-	(291,104)	291,104	-
<u>Expenses:</u>				
Faculty and staff support programs	3,415	-	-	3,415
University support programs	80,093	-	-	80,093
Professorship and scholarship support	500	-	-	500
Program administration	144,357	-	-	144,357
Direct program expenses:				
Instruction	155,510	-	-	155,510
Public Service	5,439	-	-	5,439
Academic Support	16,667	-	-	16,667
Institutional Support	2,079	-	-	2,079
Operation and Maintenance of Plant	1,852	-	-	1,852
Scholarships and Fellowships	166,264	-	-	166,264
Athletics	16,766	-	-	16,766
State Grants	104,709	-	-	104,709
Total expenses	<u>697,651</u>	<u>-</u>	<u>-</u>	<u>697,651</u>
<u>Change in net assets</u>	91,415	24,742	2,372,965	2,489,122
<u>Net assets at beginning of year</u>	<u>689,070</u>	<u>909,161</u>	<u>7,660,680</u>	<u>9,258,911</u>
<u>Net assets at end of year</u>	<u>780,485</u>	<u>933,903</u>	<u>10,033,645</u>	<u>11,748,033</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	1,723,796	2,489,122
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net (increase) in the fair value of investments	(920,936)	(1,125,693)
Decrease in accrued interest receivable	103	206
Decrease in accounts receivable	-	184
Decrease (increase) in contributions receivable	426,597	(244,737)
(Increase) decrease in deferred charges	(4,444)	220
Increase (decrease) in accounts payable	1,956	(2,395)
Increase (decrease) in deferred revenue	17,000	(13,075)
Increase in due to LSU in Shreveport	170,217	531,128
Increase (decrease) in other liabilities	<u>3,394</u>	<u>(5,443)</u>
Total adjustments	<u>(306,113)</u>	<u>(859,605)</u>
Net cash provided by operating activities	1,417,683	1,629,517
<u>Cash flows from investing activities:</u>		
Purchases of certificates of deposit	(800,642)	(400,000)
Maturities of certificates of deposit	800,000	600,000
Purchases of investments	(12,867,486)	(1,572,803)
Sales and maturities of investments	<u>11,239,722</u>	<u>-</u>
Net cash (used) by investing activities	<u>(1,628,406)</u>	<u>(1,372,803)</u>
<u>Net (decrease) increase in cash and cash equivalents</u>	(210,723)	256,714
<u>Cash and cash equivalents-beginning of year</u>	<u>723,858</u>	<u>467,144</u>
<u>Cash and cash equivalents-end of year</u>	<u>513,135</u>	<u>723,858</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

1. Nature of Business

The LSU in Shreveport Foundation, Inc. ("Foundation") is a private, nonprofit corporation governed by a board of directors. The organization's goal is to promote the education and cultural welfare of Louisiana State University in Shreveport ("University"). The organization's activities include management of gifts, grants and endowments for the purpose of providing scholarships, research activities and any other such benefit for the University and its faculty and students as may be prescribed by donors to the corporation.

LSUS Realty, LLC was formed on December 15, 2000. The purpose of LSUS Realty, LLC is to accept property donated to the Foundation. The Foundation is the sole member of LSUS Realty, LLC and, therefore, the activity of LSUS Realty, LLC has been consolidated with that of the Foundation. All of the assets and net assets of LSUS Realty, LLC were moved to the unrestricted net assets of the Foundation during the year ended June 30, 2002. There was no activity recorded by LSUS Realty, LLC during the years ended June 30, 2011 and 2010.

2. Summary of Significant Accounting Policies

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Foundation's operations functionally between faculty and staff support programs, University support programs, program administration and direct program expenses.

- b. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. Summary of Significant Accounting Policies (Continued)

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of temporarily restricted net assets, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The LSU in Shreveport Foundation, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U.S. federal Form 990 for informational purposes. The Foundation's federal income tax returns for the tax years 2007 and beyond remain subject to examination by the Internal Revenue Service.

- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are recorded at carrying amount which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations. Short-term investments are valued at amortized cost which approximates market value.

The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

- h. Material in-kind donations received by the Foundation are recorded at fair value as contributions revenue along with a corresponding charge to expense. Material in-kind donations were \$-0- for the years ended June 30, 2011 and 2010, respectively.
- i. Certain amounts in the fiscal year ended June 30, 2010 financial statements have been reclassified to conform to the fiscal year ended June 30, 2011 presentation.

3. **Investments**

As of June 30, 2011 and 2010, the investments of all funds consisted of certificates of deposit, investments held by Argent, and investments held by Bank of New York, which are recorded at market value, as detailed below:

	<u>2011</u>		<u>2010</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Certificates of deposit:</u>				
Regions Bank	.15%	<u>400,642</u>	1.10%	<u>400,000</u>

	<u>2011</u>		<u>2010</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
<u>Investments:</u>				
Argent:				
Cash and cash equivalents	2,677,087	2,677,087	1,794,297	1,794,297
Fixed income-U.S. government obligations	3,033,926	2,960,356	4,179,014	4,051,070
Fixed income-corporate bonds	265,469	248,435	276,264	258,220
Bond funds	2,403,619	2,375,727	1,139,712	1,086,537
Equity funds	6,696,318	6,640,442	5,154,415	6,488,321
Equity funds-international	1,792,696	1,587,596	1,322,780	1,367,801
Equities held by Bank of New York	<u>3,444</u>	<u>3,814</u>	<u>4,565</u>	<u>7,420</u>
	<u>16,872,559</u>	<u>16,493,457</u>	<u>13,871,047</u>	<u>15,053,666</u>

Net realized and unrealized gains during the year ended June 30, 2011, were \$1,373,748, which included \$920,936 as a gain to the Foundation and \$452,812 shown as an increase in funds due to LSU in Shreveport. Net realized and unrealized gains during the year ended June 30, 2010, were \$1,125,693, which included \$761,778 as a gain to the Foundation and \$363,915 shown as an increase in funds due to LSU in Shreveport.

Investments held by Argent as of June 30, 2011 and 2010 included \$1,750,000 and \$0-, respectively, of certificates of deposit in denominations of \$250,000 which were federally insured by the FDIC. The remaining investments held by Argent and Bank of New York totaling \$15,122,559 and \$13,871,047 at June 30, 2011 and 2010, respectively, were uninsured and were not collateralized. Deposits in checking and certificates of deposit at Regions Bank are federally insured by the FDIC up to \$250,000. As of June 30, 2011 and 2010, Regions Bank has pledged securities as collateral for the balance exceeding \$250,000.

4. **Temporarily Restricted Net Assets**

Temporarily restricted net assets consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Instruction	372,477	385,002
Research	31,050	26,149
Public Service	551,919	313,559
Academic Support	75,621	72,888
Student Services	500	500
Institutional Support	31,275	31,676
Operation and Maintenance of Plant	2,012	1,962
Scholarships and Fellowships	71,157	49,886
Athletics	<u>73,727</u>	<u>52,281</u>
Total temporarily restricted net assets	<u>1,209,738</u>	<u>933,903</u>

5. Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Instruction	6,904,259	6,071,017
Academic Support	684,411	609,972
Operation and Maintenance of Plant	178,827	157,281
Scholarships and Fellowships	<u>3,636,055</u>	<u>3,195,375</u>
	<u>11,403,552</u>	<u>10,033,645</u>

6. Due to LSU in Shreveport

The amount due to LSU in Shreveport represents the State of Louisiana matched funds which are being held and invested for the University by the LSU in Shreveport Foundation for the following endowed chairs, professorships, and scholarships as of June 30:

	<u>2011</u>	<u>2010</u>
<u>Instruction:</u>		
Jerry D. Boughton Professorship in Business	46,201	40,776
Joe and Abby Averett Professorship in Business	45,713	40,731
BellSouth Professorship in Business	46,624	41,723
M. R. Ballard Professorship in Accounting	50,573	45,164
Kilpatrick Life Insurance Professorship	670,264	597,170
Oscar Cloyd Real Estate Professorship	220,607	194,481
Wesson-Bridger Professorship in Teacher Education	46,451	41,719
Capital One Education and Human Development Professorship	40,232	35,470
V. Stewart Education Student Teaching Professorship	44,313	39,036
Dalton J. Woods Professorship in Teaching	43,522	38,468
Kelly Kemp Graves Professorship in Early Childhood Education	39,427	-
Goodloe Stuck Professorship in Psychology	40,217	35,470
Elmer N. Simon, Jr. Professorship for Excellence in Teaching	45,021	40,705
Blue Cross & Blue Shield of Louisiana Professorship	42,885	37,771
Vincent J. Marsala Alumni Professorship	44,756	39,468
Bruce and Steve Simon Professorship	44,313	39,036
James K. Elrod Professorship in Health Care Administration	181,586	160,849
Fred and Sybil Patten Excellence in Teaching in Liberal Arts Professorship	51,464	45,365
India Studies Professorship	90,326	81,297
Dr. Dalton & Peggy Cloud Professorship in Communications	41,761	36,847
LSUS Debate Professorship	41,776	36,863
Leonard and Mary Ann Selber Professorship	44,131	38,871
Dr. Norman A. Dolch Professorship in American Humanics	98,670	87,356
American Studies Chair	576,015	517,285
Hubert H. Humphreys History Professorship	40,217	35,470
O. Delton Harrison, Jr. Master of Liberal Arts Professorship	41,776	36,863
George and Regina Khoury Professorship in Science	59,445	53,667
Abe I. Sadoff Chair	401,885	354,426
Samuel and Mary Abramson Professorship	39,427	-
Dr. Richard K. Speairs Professorship in Field Biology	54,519	48,889

6. Due to LSU in Shreveport (Continued)

	<u>2011</u>	<u>2010</u>
Don and Earlene Coleman Red River Watershed Management Institute Professorship	52,068	46,784
George Khoury Professorship in Space Science	83,719	73,890
ABP SWEPCO LaPrep Professorship	158,316	140,629
Miriam Sklar Super Professorship in Theoretical Math and Physics	48,502	45,165
<u>Academic Support:</u>		
Bobbie C. Hicks Professorship-Authors in April	81,987	72,303
Hubert and Pat Hervey Professorship of Museum of Life Sciences	49,430	45,165
William B. Wiener Professorship of Archives and Historical Preservation	39,118	34,546
Ruth H. Noel Chair	744,081	662,325
<u>Scholarships and Fellowships:</u>		
John and Cheryl Good Scholarship	38,674	34,184
Michael and Tracie Woods Scholarship	49,705	45,165
Phillip and Alma Rozeman Scholarship	44,313	39,036
Salvadore and Kendra Miletello Scholarship	<u>39,427</u>	<u>-</u>
	<u>4,703,457</u>	<u>4,080,428</u>

7. Contributed Services

Louisiana State University in Shreveport provides to the Foundation, without cost, services for the administration of the Foundation in the form of personnel. These services are valued at their actual cost to the University. For the years ended June 30, 2011 and 2010, contributed personnel costs were determined to be \$16,611 and \$15,692, respectively. The amounts for these services have not been reflected in the Foundation's financial statements.

8. Fair Value Measurements

In 2009, the Foundation adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements (Topic 820)." Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

8. Fair Value Measurements (Continued)

Fair values of assets and liabilities measured on a recurring basis at June 30, 2011 are as follows:

	<i>Assets at Fair Value as of June 30, 2011</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Markets	-	927,087	-	927,087
Certificates of Deposit	2,150,642	-	-	2,150,642
Mutual Funds:				
Domestic Blended	861,916	-	-	861,916
Domestic Fixed Income	2,218,977	-	-	2,218,977
Domestic Growth	3,321,961	-	-	3,321,961
Domestic Value	1,838,132	-	-	1,838,132
Foreign Fixed Income	184,642	-	-	184,642
Foreign Growth	1,174,344	-	-	1,174,344
Foreign Value	<u>1,292,661</u>	-	-	<u>1,292,661</u>
Total Mutual Funds	10,892,633	-	-	10,892,633
Government Obligations and Corporate Bonds	-	3,299,395	-	3,299,395
Common Stock-Domestic	<u>3,444</u>	-	-	<u>3,444</u>
Total	<u>13,046,719</u>	<u>4,226,482</u>	<u>-</u>	<u>17,273,201</u>

	<i>Assets at Fair Value as of June 30, 2010</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Markets	-	1,794,297	-	1,794,297
Certificates of Deposit	400,000	-	-	400,000
Mutual Funds:				
Domestic Blended	2,352,376	-	-	2,352,376
Domestic Fixed Income	1,089,712	-	-	1,089,712
Domestic Growth	1,018,714	-	-	1,018,714
Domestic Value	1,387,144	-	-	1,387,144
Foreign Growth	1,341,986	-	-	1,341,986
Foreign Value	<u>376,976</u>	-	-	<u>376,976</u>
Total Mutual Funds	7,566,908	-	-	7,566,908
Exchange Traded Funds	50,000	-	-	50,000
Government Obligations and Corporate Bonds	-	4,455,277	-	4,455,277
Common Stock-Domestic	<u>4,565</u>	-	-	<u>4,565</u>
Total	<u>8,021,473</u>	<u>6,249,574</u>	<u>-</u>	<u>14,271,047</u>

8. Fair Value Measurements (Continued)

Subsequent to June 30, 2011, investment valuations significantly deteriorated. As a result, the Foundation's investment value decreased approximately \$1.6 million (9%) during the period of July 1, 2011 through September 30, 2011.

9. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

Private endowed contributions received for professorships, chairs, and scholarships are included in endowed net assets. Certain endowed funds are provided by the State of Louisiana as a match to these qualifying private endowed contributions and are managed under agreement with the University for the University's benefit. These endowed assets are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The Board approved a discretionary spending rate of up to 4.25% for fiscal year ended June 30, 2011, based on a separate review of each individual endowment's performance. The spending rate approved by the Board for the fiscal year ended June 30, 2010 was a flat 4.25%.

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

The Louisiana Board of Regents spending policy dictates that no portion of the inflation-adjusted corpus, as defined by the Board of Regents, is to be allocated for spending. Effective July 1, 2008 and terminating on June 30, 2012, the Louisiana Board of Regents has temporarily waived the inflation-adjustment requirement for original corpus.

The Foundation classifies as permanently restricted net assets the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

Endowment fund net asset composition as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	108,138	-	10,033,645	10,141,783
Contributions	-	-	367,372	367,372
Income on long-term investments	5,643	-	91,522	97,165

9. Endowed Net Assets (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net appreciation/(depreciation)	20,657	-	911,013	931,670
Expenses	<u>(3,505)</u>	<u>-</u>	<u>-</u>	<u>(3,505)</u>
Endowment net assets, June 30, 2011	<u>130,933</u>	<u>-</u>	<u>11,403,552</u>	<u>11,534,485</u>
Donor-restricted endowment	-	-	11,403,552	11,403,552
Board-designated endowment	<u>130,933</u>	<u>-</u>	<u>-</u>	<u>130,933</u>
Total	<u>130,933</u>	<u>-</u>	<u>11,403,552</u>	<u>11,534,485</u>

Endowment fund net asset composition as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2009	78,845	-	7,660,680	7,739,525
Contributions	20,050	-	1,242,543	1,262,593
Income on long-term investments	2,341	-	92,201	94,542
Net appreciation/(depreciation)	8,026	-	747,117	755,143
Expenses	(1,124)	-	-	(1,124)
Transfers between classifications	<u>-</u>	<u>-</u>	<u>291,104</u>	<u>291,104</u>
Endowment net assets, June 30, 2010	<u>108,138</u>	<u>-</u>	<u>10,033,645</u>	<u>10,141,783</u>
Donor-restricted endowment	-	-	10,033,645	10,033,645
Board-designated endowment	<u>108,138</u>	<u>-</u>	<u>-</u>	<u>108,138</u>
Total	<u>108,138</u>	<u>-</u>	<u>10,033,645</u>	<u>10,141,783</u>

10. Contributions Receivable

Contributions receivable is summarized as follows as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Unconditional pledges expected to be collected in:		
Less than one year	208,140	226,737
One year to five years	255,000	663,000
More than five years	-	-
Contributions receivable	<u>463,140</u>	<u>889,737</u>

11. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 "Subsequent Events," the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through November 8, 2011 and noted the subsequent event discussed in Note 8.